



*United States Attorney  
Southern District of New York*

FOR IMMEDIATE RELEASE  
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**SETTLEMENT REACHED REGARDING WORLDCOM  
DEFENDANTS' RESTITUTION OBLIGATIONS**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, announced that he has reached a settlement agreement with SCOTT D. SULLIVAN, the former Chief Financial Officer of WorldCom, DAVID F. MYERS, WorldCom's former Controller, and BUFORD T. YATES, WorldCom's former Director of General Accounting, that will provide compensation to benefit the Class represented by the Lead Plaintiff in the WorldCom Securities Class Action Litigation, the New York State Common Retirement Fund (the "CRF"). The settlement agreement will result in SULLIVAN turning over to the Class the majority of the proceeds from the sale of a house that he owns in Boca Raton, Florida. As a result of these settlements, the Government will not seek an order of restitution at these defendants' sentencing proceedings before United States District Judge BARBARA S. JONES, but will instead ask the Court to impose a special condition of supervised release requiring each defendant to comply with the terms of the settlement agreements.

Under the terms of the SULLIVAN settlement agreement, which remains subject to approval by United States District Judge DENISE L. COTE, who is presiding over the WorldCom Class Action Litigation, SULLIVAN is turning over the net proceeds from the sale of the house that he and his wife had been building in Boca Raton, Florida. The sale of the house is subject to a number of liens. After brokers' commission and satisfaction of those liens, it is expected that approximately \$4 million will be available for victimized investors. Of the net proceeds, 85.5% will be distributed to investors in the Securities Class; 9.5% will be distributed to former WorldCom employees represented in the ERISA class action; and 5% will be set aside to fund settlements that SULLIVAN may reach in other litigation arising from the fraud at WorldCom.

In addition to surrendering the house in Boca Raton, SULLIVAN will be required to liquidate what remains in his WorldCom employee 401(k) account, and to pay those proceeds to the Class before SULLIVAN is sentenced on August 11, 2005. After payment of taxes and penalties, the net proceeds to the victims from this account should be approximately \$200,000. The Class has agreed that 10% of the net proceeds from the 401(k) account will be distributed to the ERISA class; the remaining 90% will be distributed to the Securities Class.

In addition to requiring cooperation with the Class in the sale of the Boca Raton house, the settlement also requires SULLIVAN's wife to transfer a specified sum from her personal account into a trust fund to be used solely to pay expenses for the raising of the SULLIVANS' minor daughter and for medical and other necessary expenses for SULLIVAN's wife. The amount to be deposited in this trust fund is set forth in a confidential supplement and will not be disclosed. The trust is to be structured to prohibit SULLIVAN from gaining access to any of its funds.

The settlement with SULLIVAN was reached after extensive analysis by the CRF, its outside counsel, and representatives of this Office of SULLIVAN'S financial capabilities, as well as Mrs. Sullivan's extensive medical history and anticipated needs.

As was the case with the recent settlement reached with BERNARD J. EBBERS, WorldCom's former Chief Executive Officer, Lead Counsel for the Class has agreed to seek no fee from the SULLIVAN settlement.

The CRF, its outside counsel, and representatives of this Office also devoted considerable time and effort to evaluating the sworn financial statements and additional financial information provided by MYERS and YATES and concluded that each is unable to pay any settlement to the Class.

Accordingly, the settlement requires no payment from these two defendants.

Mr. KELLEY thanked the Federal Bureau of Investigation and the United States Securities and Exchange Commission for their assistance in this investigation and prosecution of SULLIVAN, MYERS, and YATES, which led to these settlement agreements.

In total, six former officers and employees of WorldCom have been convicted of federal crimes related to their conduct at WorldCom. Judge JONES sentenced EBBERS on July 13, 2005. Judge JONES has scheduled sentencing proceedings for the remaining individual defendants as follows:

Betty L. Vinson:	August 5, 2005 at 10:00 a.m.
Troy M. Normand:	August 5, 2005 at 2:00 p.m.
Buford T. Yates:	August 9, 2005 at 10:00 a.m.
David F. Myers:	August 10, 2005 at 2:00 p.m.
Scott D. Sullivan:	August 11, 2005 at 10:00 a.m.

To conduct orderly proceedings and to maintain a reasonable schedule, any victim who wishes to be heard during a sentencing proceeding must notify the Court at the following address no later than one week prior to such proceeding:

Honorable Barbara S. Jones  
United States District Judge  
Southern District of New York  
40 Foley Square  
New York, New York 10007  
email: [JudgeJones@nysd.uscourts.gov](mailto:JudgeJones@nysd.uscourts.gov)  
telephone: (212) 805-6189

Based on the number of victims who provide such notice, the Court will rule on the manner in which victims will be heard at such proceedings. Those victims who do not contact the Court directly on the schedule noted above may forfeit their right to speak at a sentencing proceeding.

Any victim who wishes to submit a proof of claim in connection with the WorldCom Class Action Litigation should refer to the Internet website [www.worldcomlitigation.com](http://www.worldcomlitigation.com) or contact the Garden City Group at the following address:

Shandarese Garr  
Vice President  
105 Maxess Road  
Melville, New York 11747  
telephone: (866) 808-3556 (toll free)

Please do not contact the Court or the U.S. Attorney's Office to submit a proof of claim.

Assistant United States Attorneys DAVID B. ANDERS and KATHERINE GOLDSTEIN are in charge of the prosecution.

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